

BUILDING BLOCKS STUDENT WORKSHEET

You're the borrower

You are to play the role of a borrower in need of a specific type of loan.

Instructions

1. Approach several lenders and ask about the possibility of obtaining a loan and the cost to you.
2. Answer the loan officer's questions about your creditworthiness and the type of loan you need so they can decide on your credit risk.
3. Record whether a lender made you a loan offer. If an offer was made, note details about the offer.
4. After meeting with several loan officers, determine the total cost of repayment for each loan offer you received.
5. Evaluate all of your loan offers and choose one offer to accept.
6. Write a reflection of your experience as a borrower.

NOTE

For this activity, the credit check won't count as a hard inquiry on your credit score.

OFFERS FROM LENDERS TO CONSIDER

	Lender 1	Lender 2	Lender 3
Name of lender			
Did they offer you a loan? (yes/no)	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No	<input type="radio"/> Yes <input type="radio"/> No

For each loan offered, complete the following:

	Lender 1	Lender 2	Lender 3
Amount of loan offered			
APR offered			
Length of loan			

Evaluate your offers

Use this oversimplified interest formula to determine the interest you will pay on each loan and the total amount you will repay:

$$\text{Interest} = \text{Principal} \times \text{Rate} \times \text{Time}$$

Lender name	Loan principal	Loan APR	Length of loan	Interest paid	Total to be repaid (Principal + Interest)

Reflection

Write a reflection paragraph based on your experience in applying for a loan. How did your creditworthiness affect the offer you received? Which loan offer would you accept? Why would this be your choice? What factors did you consider when making that decision? How will this loan affect the amount of money you have left each month, after paying for essentials and paying any other bills and loans?